



investor quarterly



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Verizon Reports Solid Overall Fourth-Quarter and Year-End Results, Based on Strong Fundamentals

Market-Share Gains in Wireless, Long-Distance and Broadband Bolster Revenues and Cash Flow

NEW YORK -- Verizon Communications Inc. (NYSE: VZ) today announced fourth-quarter and year-end 2003 results highlighted by customer gains in wireless, long-distance and broadband, continued solid cash flow, and overall revenue growth.

2003 Highlights

Earnings Per Share

Fourth quarter earnings per share of \$1.11, or \$1.03 before special items, compared with \$1.03, or \$0.95 before special items, in the fourth quarter of 2002. Year-end earnings per share of \$7.33, or \$7.25 before special items, compared with \$7.25, or \$7.17 before special items, in 2002.

Revenues

Fourth quarter revenues of \$17.3 billion, or \$16.6 billion before special items, compared with \$16.8 billion, or \$16.1 billion before special items, in the fourth quarter of 2002. Year-end revenues of \$67.8 billion, or \$66.6 billion before special items, compared with \$67.8 billion, or \$66.6 billion before special items, in 2002.

Wireless

Fourth quarter wireless revenues of \$5.4 billion, or \$5.2 billion before special items, compared with \$5.2 billion, or \$5.0 billion before special items, in the fourth quarter of 2002. Year-end wireless revenues of \$22.5 billion, or \$21.9 billion before special items, compared with \$21.9 billion, or \$21.3 billion before special items, in 2002.

Domestic Telecom

Fourth quarter domestic telecom revenues of \$11.9 billion, or \$11.7 billion before special items, compared with \$11.6 billion, or \$11.4 billion before special items, in the fourth quarter of 2002. Year-end domestic telecom revenues of \$54.1 billion, or \$53.7 billion before special items, compared with \$53.7 billion, or \$53.3 billion before special items, in 2002.

Cash Management

Fourth quarter cash flow of \$1.5 billion, compared with \$1.3 billion in 2002. Free cash flow (non-GAAP) cash from operations of \$1.5 billion, compared with \$1.3 billion in 2002. Total debt of \$15.1 billion, compared with \$15.1 billion at year-end 2002. Net debt (non-GAAP) of \$15.1 billion, compared with \$15.1 billion at year-end 2002.

For the fourth quarter 2003, Verizon reported a loss of \$1.5 billion (53 cents in fully diluted EPS) that includes \$3.1 billion in special items, primarily \$2.9 billion in previously announced costs associated with a voluntary separation plan under which more than 21,000 employees left the payroll in the quarter. Excluding special items, Verizon earned \$1.6 billion in the quarter, or 58 cents per share.

For the year, Verizon reported earnings of \$3.1 billion (\$1.11 per share), or \$7.3 billion (\$2.62 per share) before special items.

Strength of Business Model

"In 2003, Verizon once again demonstrated the strength of its business model," said Chairman and CEO Ivan Seidenberg. "We have been successful at increasing our revenues, our customer base and our cash flow at the same time we have been transforming our cost structure, our operational efficiency, and our mix of products and services."

"We are winning customers in markets new to Verizon, such as nationwide long-distance and sophisticated data services to large businesses. In wireless, we are widening our industry lead. In broadband, we have aggressively added customers in DSL while setting a stake in the ground for new

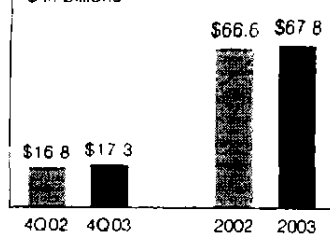
growth in 2004. Verizon has a unique leadership role to play in the new broadband and wireless era of communications."

Fourth-Quarter Financial Results

Verizon's fourth-quarter 2003 operating revenues were \$17.3 billion, up 0.7 percent from the prior year's quarter, driven by Verizon Wireless' sixth consecutive quarter of double-digit, year-over-year revenue increases. Wireless service revenue grew 13.9 percent, to \$5.4 billion, from \$4.7 billion in the fourth quarter 2002. Total Verizon Wireless revenue, which includes equipment and other revenue, grew 14.6 percent to \$6.0 billion, from \$5.2 billion in the fourth quarter 2002.

Beginning in 2003, results from Verizon's directory publishing unit have been reported using the amortization method of accounting (see Information Services section below). Applying consistent accounting treatment to directory revenues, Verizon's consolidated revenues increased 2.6 percent in the fourth quarter 2003, compared with the fourth quarter 2002.

REVENUES*
\$ in billions

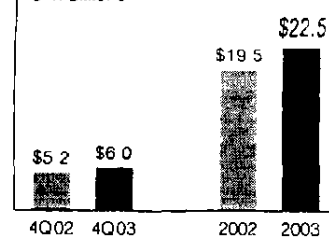


2.6% increase

1.7% increase

*Comparable basis with consistent Directory accounting

WIRELESS REVENUES
\$ in billions



14.6% increase

15.5% increase

Total operating expenses were \$19.4 billion in the fourth quarter 2003 and include special items as well as costs, such as a 3 percent lump-sum payment, associated with contract agreements covering most of Verizon's unionized work force.

Fourth-quarter special items included a \$2.9 billion severance, pension and benefit charge for the voluntary separation plan, and \$0.2 billion for other charges associated with environmental remediation programs and leasing operations partially offset by net gains from sales of investments.

Year-End Financial Results

For the year, operating revenues totaled \$67.8 billion in 2003, a 0.7 percent increase from 2002 on a reported basis and a 1.6 percent increase on a comparable basis. Revenues, operating expenses and statistics described on a comparable basis exclude the effects of 1.27 million switched access lines that were sold during 2002. Applying consistent accounting treatment to directory revenues, Verizon's comparable revenues increased 1.7 percent in 2003, compared with 2002.

Reported 2003 earnings of \$3.1 billion included net charges of \$4.2 billion. These net charges include special gains of \$0.5 billion related to accounting changes and the net proceeds from sales of investments. These gains were more than offset by charges, including \$3.4 billion related to severance, pension and benefit costs, \$0.9 billion related to Verizon's decision to sell its consolidated interest in Mexican wireless carrier Grupo Iusacell, and \$0.4 billion in other special items.

Reported operating expenses were \$60.3 billion in 2003.

Debt Reduction and Cash Flow Gains

Total debt decreased 14.8 percent to \$45.4 billion at year-end 2003, compared with \$53.3 billion at year-end 2002. Net debt was \$44.7 billion at year-end 2003, compared with \$51.8 billion at year-end 2002.

Net cash provided by operating activities was \$22.5 billion in 2003, compared with \$22.1 billion in 2002, and capital expenditures totaled \$11.9 billion in 2003, compared with \$13.1 billion in 2002. With \$4.2 billion in dividends paid in both years, free cash flow was \$6.4 billion in 2003, compared with \$4.8 billion in 2002.

Operational Growth

Verizon Wireless added nearly 1.5 million net subscribers in the fourth quarter and 5.0 million net subscribers for the year, the highest quarterly and annual net adds in the company's history. Customers totaled 37.5 million at year-end, up 15.5 percent over year-end 2002. In addition to its record net subscribers, Verizon Wireless sustained all-around strong performance for the quarter and for the year in revenue growth, profitability, record low churn and efficiency gains.

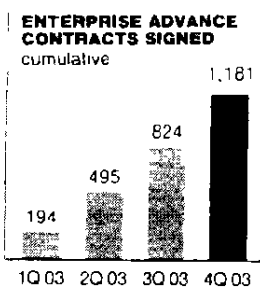
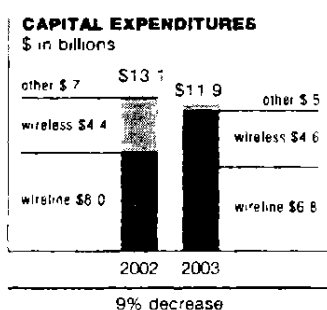
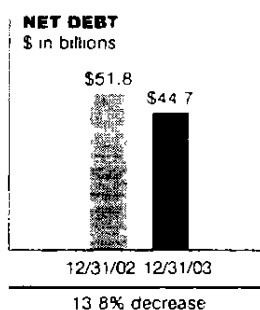
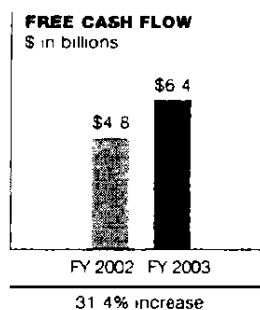
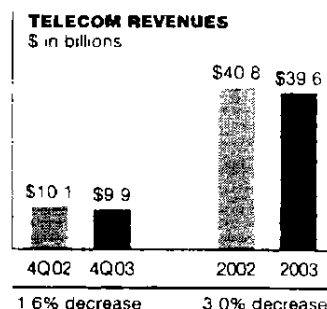
Verizon's revenue from interLATA long-distance services totaled more than \$2 billion in 2003, as the company added a net of 736,000 long-distance lines in the fourth quarter 2003. Verizon ended the year with more than 16.6 million long-distance lines—a net gain of about 4.2 million lines, or 33.3 percent, compared with the 12.5 million lines in service at year-end 2002.

Verizon also added a net of 203,000 DSL lines in the fourth quarter 2003, the company's largest quarterly gain in DSL lines in two years. Verizon ended the year with more than 2.3 million DSL lines, representing a net of 649,000 additional DSL lines since year-end 2002, a growth rate of 38.9 percent.

In the fourth quarter, Verizon continued to roll out Verizon Freedom plans, which help retain and win back customers by offering local services with various combinations of long-distance, wireless and Internet access in a discounted bundle available on one bill. In 2003, the company launched Verizon Freedom plans in 17 consumer markets, covering more than 85 percent of the company's consumer access-line base, and in eight business markets, covering more than 69 percent of the company's business access-line base.

As of year-end, Verizon had entered into nearly 1,200 contracts with large business customers for Enterprise Advance services.

Further details about Verizon's 2004 financial and operational outlook will be announced in a news release later today.



business segment

Following are fourth-quarter 2003 highlights from Verizon's four business segments.

Domestic Telecom

(Note: Current and prior periods exclude the effects of access lines sold in 2002.)

- Operating revenues for all long-distance services increased 29.5 percent to \$1.0 billion in the fourth quarter 2003, compared with \$0.8 billion in the fourth quarter 2002. For the year, these revenues increased 19.5 percent to \$3.8 billion in 2003, compared with \$3.2 billion in 2002. Revenues in this category include intraLATA toll as well as interLATA long-distance.
- Approximately 41 percent of Verizon's local wireline customers have chosen Verizon as their long-distance carrier.
- As of year-end, approximately 48 percent of Verizon residential customers have purchased local services in combination with either Verizon long-distance or Verizon DSL, or both.
- The average revenue per month per Verizon wireline customer increased nearly 7 percent in the fourth quarter 2003, compared with the fourth quarter 2002.
- Total revenues for high-capacity and data services were \$1.9 billion in the fourth quarter, slightly higher than fourth quarter 2002 and driven by growth in revenues from DSL.
- By year-end, approximately 80 percent of Verizon's 55.5 million access lines qualified for DSL service—meeting the company's target.
- Continuing a focus on cash management and financial controls, Domestic Telecom's expenses for uncollectible accounts decreased 51 percent and days sales outstanding decreased from 68 to 61, comparing the

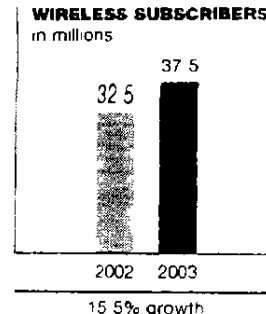
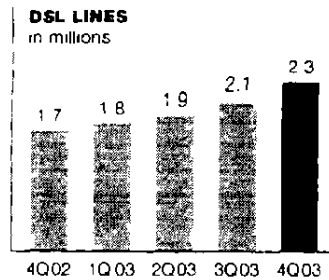
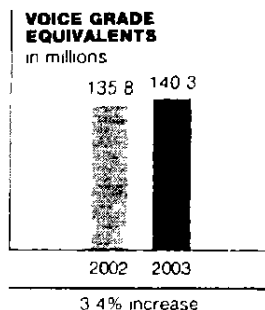
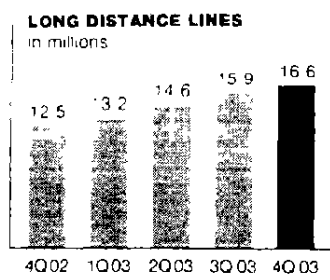
fourth quarter 2003 with the fourth quarter 2002. For the year, cash from operating activities, net of capital expenditures (non-GAAP, segment free cash flow) increased by 55 percent to \$5.5 billion, comparing 2003 with 2002.

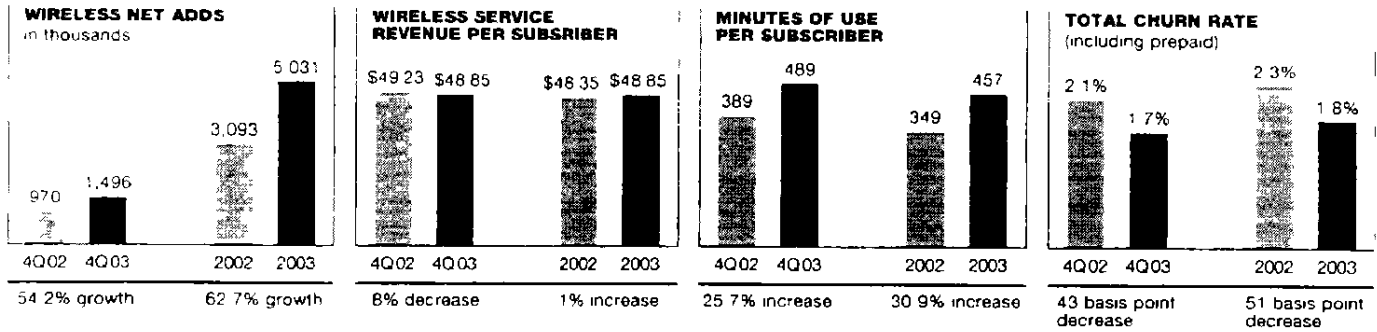
- Primarily as a result of the voluntary separation plan in the fourth quarter, the number of employees in the Domestic Telecom business unit was reduced by more than 22,500 in 2003.
- In 2003, Verizon's Enterprise Solutions Group built out its fiber-optic network to serve 34 major business markets nationwide, offering advanced data services to local and long-distance Enterprise customers.
- In the fourth quarter 2003, Verizon took another step forward in its plan to begin deploying fiber-to-the-premises systems this year by completing the selection of equipment manufacturers and suppliers for the project. The company has also unveiled plans for leadership in the emerging broadband industry, announcing that it will accelerate the evolution of its nationwide wireline network to packet-switching technology.

Verizon Wireless

- Verizon Wireless' retail customer base grew nearly 15 percent year-over-year and represented 36.0 million of the company's 37.5 million total customers at the end of the fourth quarter. Retail gross additions were up 10 percent over the fourth quarter 2002, while retail net additions were up 48.5 percent—totaling approximately 1.4 million of the company's 1.5 million net additions.

- Record-low churn for the quarter and the year drove record net-add performance. The quarter's churn performance was even more impressive given the introduction of local number portability in November. Retail churn and total churn, which includes wholesale, were 1.7 percent for the quarter. Churn in the retail post-pay segment, which is 91 percent of the company's base, was 1.3 percent for the quarter. The company sustained these customer loyalty levels throughout 2003, with total churn of 1.8 percent for the year.
- Average monthly service revenue per subscriber was \$49 for the fourth quarter and for the year. Service revenue for the quarter was \$5.4 billion, up 13.9 percent. Service revenue for the year was \$20.3 billion, up 14.6 percent.
- The company continued its industry-leading low-cost structure, as cash expense per subscriber decreased slightly over the prior-year quarter and over the prior sequential quarter. For the year, cash expense per subscriber increased less than 1 percent, a particularly significant achievement given the record volume of new subscribers.
- Quarterly operating income margin remained strong at 18.5 percent. Quarterly operating income increased 11.7 percent year-over-year to \$1.1 billion. Similarly strong, operating income margin for the year was 18.2 percent, on annual operating income of \$4.1 billion. Segment free cash flow was \$2.9 billion in 2003, a 39 percent increase compared with 2002.
- Demand for the company's growing family of data services continued to build during the fourth quarter, with data services





accounting for more than 3 percent of the fourth quarter's total service revenue. Data services delivered more than 2 percent of total service revenue in 2003, up from 1 percent in 2002.

► Text messaging grew to more than 550 million text messages a month. Get It NowSM BREW-based downloadable ringtones, games and exclusive content grew to 5 million downloads a month; and picture messaging grew to 3 million picture messages a month. Driving this growth, approximately one-fifth of all customers now have color handsets, and more than 50 percent have 1X-enabled phones. New devices and applications launched during the quarter included the Microsoft® Windows Mobile™-based Samsung i600 Smartphone and Mobile IM service with access to MSN Messenger, AOL IM and, soon, Yahoo! Messenger.

► In a major announcement earlier this month, the company said it will immediately begin expanding its BroadbandAccess third-generation EV-DO network nationally, with service expected to be available in many cities this summer. BroadbandAccess, the fastest wireless wide-area data connection available with average user speeds of 300-500 kbps, is already offered in San Diego and Washington, D.C. The company plans to spend \$1 billion over the next two years, in addition to its ongoing annual capital program, to deploy EV-DO nationally.

Information Services

(Note: Effective Jan. 1, 2003, Verizon changed its accounting for recognizing directory revenues and direct expenses from the publication-date method to the amortization method. The publication-date method recognizes revenues and expenses when directories are distributed. Under the amortization method, which is increasingly becoming the industry standard, revenues and expenses are recognized over the life of the directory, which is usually 12 months. This change results in a more

even distribution of revenue and expenses throughout the year, and does not impact cash flow. As required by GAAP, the previous year's results have not been adjusted for this change.)

► Verizon Information Services (VIS) revenue decreased 26 percent and 4 percent over the fourth quarter and the year, respectively, primarily due to the change from the publication-date method to the amortization method of accounting and the elimination of revenue related to sales of businesses.

Excluding the effects of these items, revenues were essentially flat for both presented periods.

► VIS' domestic Internet directory, SuperPages.com™, continues to achieve strong growth as demonstrated by a 33 percent increase in revenue and a 36 percent increase in searches over 2002.

► Segment free cash flow was \$1.1 billion in 2003, a 10 percent increase compared with 2002.

International

► Equity in earnings of unconsolidated businesses increased to \$302 million in the fourth quarter, bringing full-year equity in earnings of unconsolidated businesses to \$1.1 billion, compared with \$179 million and \$644 million in the fourth quarter and full-year 2002, respectively. A large portion of these increases were driven by Italian tax benefits from a reorganization and other non-operational income at Vodafone Omnitel, favorable foreign exchange rates, and improving operational performance on a year-to-date basis, partially offset by lower year-to-date gains on sales of investments.

► Fourth-quarter revenues were \$477 million, bringing full-year revenues to \$1.9 billion, compared with \$549 million and \$2.2 billion in the fourth quarter and full-year 2002, respectively. The revenue decline was primarily the result of deteriorating foreign exchange rates in the Dominican Republic.

NOTE: This press release contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the duration and extent of the current economic downturn, materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments, material changes in available technology, technology substitution, an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations, the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results, the effects of competition in our markets, our ability to satisfy regulatory merger conditions, the ability of Verizon Wireless to continue to obtain sufficient spectrum resources, and changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.

CONSOLIDATED STATEMENTS OF INCOME

Venzon Communications Investor Quarterly 1Q 03

(dollars in millions except per share amounts)

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	% Change	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Operating Revenues	\$ 17,278	\$ 17,154	7	\$ 67,752	\$ 67,304	7
Operating Expenses						
Cost of services and sales	5,877	5,016	17.2	21,783	19,911	9.4
Selling, general & administrative expense	10,102	5,951	69.8	24,999	21,846	14.4
Depreciation and amortization expense	3,447	3,395	1.5	13,617	13,290	2.5
Sales of businesses, net	—	—	*	(141)	(2,747)	(94.9)
Total Operating Expenses	19,426	14,362	35.3	60,258	52,300	15.2
Operating Income (Loss)	(2,148)	2,792	*	7,494	15,004	(50.1)
Equity in earnings (loss) of unconsolidated businesses	605	129	*	1,278	(1,547)	*
Income (loss) from other unconsolidated businesses	172	(116)	*	331	(2,857)	*
Other income and (expense), net	15	82	(81.7)	38	192	(80.2)
Interest expense	(665)	(798)	(16.7)	(2,797)	(3,130)	(10.6)
Minority interest	(451)	(382)	18.1	(1,583)	(1,404)	12.7
Income (Loss) Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	(2,472)	1,707	*	4,761	6,258	(23.9)
Income tax benefit (provision)	1,014	610	66.2	(1,252)	(1,597)	(21.6)
Income (Loss) Before Discontinued Operations and Cumulative Effect of Accounting Change	(1,458)	2,317	*	3,509	4,661	(24.7)
Discontinued Operations						
Loss from operations of Iusacell	—	(24)	(100.0)	(957)	(74)	*
Income tax benefit (provision)	—	(3)	(100.0)	22	(12)	*
Loss on discontinued operations	—	(27)	(100.0)	(935)	(86)	*
Cumulative Effect of Accounting Change, Net of Tax	—	—	*	503	(496)	*
Net Income (Loss)	\$ (1,458)	\$ 2,290	*	\$ 3,077	\$ 4,079	(24.6)
Basic Earnings (Loss) per Share	\$ (.53)	\$.84	*	\$ 1.12	\$ 1.49	(24.8)
Weighted average number of common shares (in millions)	2,765	2,740		2,756	2,729	
Diluted Earnings (Loss) per Share⁽¹⁾	\$ (.53)	\$.83	*	\$ 1.11	\$ 1.49	(25.5)
Weighted average number of common shares—assuming dilution (in millions)	2,765	2,772		2,789	2,745	

Footnotes:

(1) Diluted Earnings (Loss) per Share include income related to share dilution (exchangeable equity interests) of \$6 million and \$21 million for the fourth quarter and year-to-date 2003, respectively, \$4 million and \$7 million for the fourth quarter and year-to-date 2002, respectively, and the dilutive effect of shares issuable under our stock-based compensation plans and exchangeable equity interests, which represent the only potential dilution. There is no impact of dilutive securities in the fourth quarter of 2003, since a net loss from continuing operations was reported.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results. However, prior year results have not been adjusted for the change in accounting, effective January 1, 2003, related to recognition of directory revenues and direct costs from the publication date method to the amortization method.

* Not meaningful

CONSOLIDATED STATEMENTS OF INCOME BEFORE SPECIAL ITEMS

Verizon Communications Investor Quarterly 2007

(dollars in millions except per share amounts)

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Operating Revenues⁽¹⁾					
Domestic Telecom	\$ 9,905	\$ 10,066	\$ 39,602	\$ 40,839	(3.0)
Domestic Wireless	5,994	5,223	22,489	19,473	15.5
Information Services	1,013	1,374	4,114	4,287	(4.0)
International	477	549	1,949	2,219	(12.2)
Other	(101)	(58)	(402)	(137)	193.4
Total Operating Revenues	17,278	17,154	67,752	66,681	1.6
Operating Expenses⁽¹⁾					
Cost of services and sales	5,776	4,956	21,682	19,632	10.4
Selling, general & administrative expense	4,909	4,581	18,781	17,925	4.8
Depreciation and amortization expense	3,447	3,395	13,617	13,290	2.5
Sales of businesses, net	—	—	(141)	—	.
Total Operating Expenses	14,132	12,932	53,939	50,847	6.1
Operating income	3,146	4,222	13,813	15,834	(12.8)
Operating income impact of operations sold ⁽¹⁾	—	—	—	382	(100.0)
Equity in earnings of unconsolidated businesses	257	146	930	515	80.6
Income (loss) from other unconsolidated businesses	(4)	6	155	218	(28.9)
Other income and (expense), net	15	68	99	234	(57.7)
Interest expense	(665)	(798)	(2,797)	(3,130)	(10.6)
Minority interest	(451)	(398)	(1,583)	(1,467)	7.9
Income Before Provision for Income Taxes and Discontinued Operations	2,298	3,246	10,617	12,586	(15.6)
Provision for income taxes	(703)	(1,030)	(3,335)	(4,140)	(19.4)
Income Before Discontinued Operations	1,595	2,216	7,282	8,446	(13.8)
Income (loss) from operations of Intacell	—	(22)	1	(71)	.
Income tax benefit (provision)	—	(3)	(4)	(12)	(66.7)
Loss on discontinued operations	—	(25)	(3)	(83)	(96.4)
Net Income Before Special Items	\$ 1,595	\$ 2,191	\$ 7,279	\$ 8,363	(13.0)
Basic Earnings per Share	\$.58	\$.80	\$ 2.64	\$ 3.06	(13.7)
Weighted average number of common shares (in millions)	2,765	2,740	2,756	2,729	
Diluted Adjusted Earnings per Share	\$.58	\$.79	\$ 2.62	\$ 3.05	(14.1)
Weighted average number of common shares-assuming dilution (in millions)	2,765	2,772	2,789	2,745	
Revenues	\$ —	\$ —	\$ —	\$ 623	
Expenses	\$ —	\$ —	\$ —	\$ 241	

Certain reclassifications of prior period amounts have been made where appropriate, to reflect comparable operating results. However, prior year results have not been adjusted for the change in accounting, effective January 1, 2003, related to recognition of directory revenues and direct costs from the publication date method to the amortization method.

(1) Reclassifications of prior period amounts have also been made to reflect comparable operating results excluding significant operations sold, the previously announced Domestic Telecom access lines, as follows:

Fourth Quarter 2003 and 2002

Unaudited	Special and Non-Recurring Items					(dollars in millions except per share amounts)
	3 Mos Ended 12/31/03 Reported (GAAP)	Severance Pension and Benefit Charges	Other Special Items	Sales of Investments, Net	3 Mos Ended 12/31/03 Before Special Items	
Operating Revenues	\$ 17,278	\$ —	\$ —	\$ —	\$ 17,278	
Operating Expenses						
Cost of services and sales	5,877	(101)	—	—	5,776	
Selling, general & administrative expense	10,102	(4,594)	(299)	(300)	4,909	
Depreciation and amortization expense	3,447	—	—	—	3,447	
Sales of businesses, net	—	—	—	—	—	
Total Operating Expenses	19,426	(4,695)	(299)	(300)	14,132	
Operating Income (Loss)	(2,148)	4,695	299	300	3,146	
Equity in earnings of unconsolidated businesses	605	—	—	(348)	257	
Income (loss) from other unconsolidated businesses	172	—	—	(176)	(4)	
Other income and (expense), net	15	—	—	—	15	
Interest expense	(665)	—	—	—	(665)	
Minority interest	(451)	—	—	—	(451)	
Income (Loss) Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	(2,472)	4,695	299	(224)	2,298	
Income tax benefit (provision)	1,014	(1,813)	(84)	180	(703)	
Income (Loss) Before Discontinued Operations and Cumulative Effect of Accounting Change	(1,458)	2,882	215	(44)	1,595	
Discontinued Operations						
Loss from operations of Iusacell	—	—	—	—	—	
Income tax benefit (provision)	—	—	—	—	—	
Loss on discontinued operations	—	—	—	—	—	
Cumulative Effect of Accounting Change, Net of Tax	—	—	—	—	—	
Net Income (Loss)	\$ (1,458)	\$ 2,882	\$ 215	\$ (44)	\$ 1,595	
Basic Earnings (Loss) per Common Share ⁽¹⁾	\$ (.53)	\$ 1.04	\$.08	\$ (.02)	\$.58	
Diluted Earnings (Loss) per Common Share ⁽¹⁾	\$ (.53)	\$ 1.04	\$.08	\$ (.02)	\$.58	

Unaudited	Special and Non-Recurring Items						3 Mos Ended 12/31/02 Before Special Items
	3 Mos Ended 12/31/02 Reported (GAAP)	Transition Costs	Investment- Related Charges	Severance, Pension and Benefit Charges	Other Special Items	Tax Benefits	
Operating Revenues	\$ 17,154	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17,154
Operating Expenses							
Cost of services and sales	5,016	(66)	—	(1)	7	—	4,956
Selling, general & administrative expense	5,951	(152)	(274)	(962)	18	—	4,581
Depreciation and amortization expense	3,395	—	—	—	—	—	3,395
Sales of businesses, net	—	—	—	—	—	—	—
Total Operating Expenses	14,362	(218)	(274)	(963)	25	—	12,832
Operating Income	2,792	218	274	963	(25)	—	4,222
Operating income impact of operations sold	—	—	—	—	—	—	—
Equity in earnings of unconsolidated businesses	129	—	—	17	—	—	146
Income (loss) from other unconsolidated businesses	(116)	—	122	—	—	—	6
Other income and (expense), net	82	—	—	—	(14)	—	68
Interest expense	(798)	—	—	—	—	—	(798)
Minority interest	(382)	(10)	—	(6)	—	—	(398)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	1,707	208	396	974	(39)	—	3,246
Income tax benefit (provision)	610	(79)	(149)	(372)	81	(1,121)	(1,030)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	2,317	129	247	602	42	(1,121)	2,216
Discontinued Operations							
Loss from operations of Iusacell	(24)	—	—	2	—	—	(22)
Income tax provision	(3)	—	—	—	—	—	(3)
Loss on discontinued operations	(27)	—	—	2	—	—	(25)
Cumulative Effect of Accounting Change, Net of Tax	—	—	—	—	—	—	—
Net Income	\$ 2,290	\$ 129	\$ 247	\$ 604	\$ 42	\$ (1,121)	\$ 2,191
Basic Earnings per Common Share ⁽¹⁾	\$.84	\$.05	\$.09	\$.22	\$.02	\$ (.41)	\$.80
Diluted Earnings per Common Share ⁽¹⁾	\$.83	\$.05	\$.09	\$.22	\$.02	\$ (.40)	\$.79

Footnote:

(1) EPS totals may not add across due to rounding.

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures included in this Quarterly Bulletin.

CONSOLIDATED STATEMENTS OF INCOME – RECONCILIATIONS

Verizon Communications Investor Quarterly

Fourth Quarter Year-to-Date 2003 and 2002

(dollars in millions, except per share amounts)

Unaudited	12 Mos Ended 12/31/03 Reported (GAAP)	Special and Non-Recurring Items					12 Mos. Ended 12/31/03 Before Special Items
		Iusacell Charge	Severance, Pension and Benefit Charges	Other Special Items	Cumulative Effect of Accounting Change	Sales of Investments, Net	
Operating Revenues	\$ 67,752	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 67,752
Operating Expenses							
Cost of services and sales	21,783	—	(101)	—	—	—	21,682
Selling, general & administrative expense	24,999	—	(5,422)	(496)	—	(300)	18,781
Depreciation and amortization expense	13,817	—	—	—	—	—	13,817
Sales of businesses, net	(141)	—	—	—	—	—	(141)
Total Operating Expenses	60,258	—	(5,523)	(496)	—	(300)	53,939
Operating Income	7,494	—	5,523	496	—	300	13,813
Equity in earnings of unconsolidated businesses	1,278	—	—	—	—	(348)	930
Income from other unconsolidated businesses	331	—	—	—	—	(176)	155
Other income and (expense), net	38	—	—	61	—	—	99
Interest expense	(2,797)	—	—	—	—	—	(2,797)
Minority interest	(1,583)	—	—	—	—	—	(1,583)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	4,761	—	5,523	557	—	(224)	10,617
Provision for income taxes	(1,252)	—	(2,125)	(138)	—	180	(3,335)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	3,509	—	3,398	419	—	(44)	7,282
Discontinued Operations							
Loss from operations of Iusacell	(957)	957	1	—	—	—	1
Income tax benefit (provision)	22	(26)	—	—	—	—	(4)
Loss on discontinued operations	(935)	931	1	—	—	—	(3)
Cumulative Effect of Accounting Change, Net of Tax	503	—	—	—	(503)	—	—
Net Income	\$ 3,077	\$ 931	\$ 3,399	\$ 419	\$ (503)	\$ (44)	\$ 7,279
Basic Earnings per Common Share⁽¹⁾	\$ 1.12	\$.34	\$ 1.23	\$.15	\$ (.18)	\$ (.02)	\$ 2.64
Diluted Earnings per Common Share⁽¹⁾	\$ 1.11	\$.33	\$ 1.22	\$.15	\$ (.18)	\$ (.02)	\$ 2.62

Unaudited	12 Mos Ended 12/31/02 Reported (GAAP)	Special and Non-Recurring Items								12 Mos. Ended 12/31/02 Before Special Items
		Sales of Businesses and Investments, Net	Transition Costs	Impact of Operations Sold	Investment- Related Charges	Severance, Pension and Benefit Charges	NorthPoint Settlement	Other Special Items	Cumulative Effect of Accounting Change	
Operating Revenues	\$ 67,304	\$ —	\$ —	\$ (623)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 66,681
Operating Expenses										
Cost of services and sales	19,811	—	(143)	(142)	—	(1)	—	7	—	19,632
Selling, general & administrative expense	21,846	—	(367)	(99)	(732)	(1,948)	(175)	(600)	—	17,925
Depreciation and amortization expense	13,290	—	—	—	—	—	—	—	—	13,290
Sales of businesses, net	(2,747)	2,747	—	—	—	—	—	—	—	—
Total Operating Expenses	52,300	2,747	(510)	(241)	(732)	(1,949)	(175)	(593)	—	50,847
Operating Income	15,004	(2,747)	510	(382)	732	1,949	175	593	—	15,834
Operating income impact of operations sold	—	—	—	382	—	—	—	—	—	382
Equity in earnings (loss) of unconsolidated businesses	(1,547)	—	—	—	2,012	59	—	(9)	—	515
Income (loss) from other unconsolidated businesses	(2,857)	(383)	—	—	3,458	—	—	—	—	218
Other income and (expense), net	192	—	—	—	—	—	—	42	—	234
Interest expense	(3,130)	—	—	—	—	—	—	—	—	(3,130)
Minority interest	(1,404)	—	(43)	—	—	(20)	—	—	—	(1,467)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	6,258	(3,130)	467	—	6,202	1,988	175	626	—	12,586
Income tax provision	(1,597)	1,235	(179)	—	(550)	(727)	(61)	(157)	(2,104)	(4,140)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	4,661	(1,895)	288	—	5,652	1,261	114	469	(2,104)	8,446
Discontinued Operations										
Loss from operations of Iusacell	(74)	—	—	—	—	3	—	—	—	(71)
Income tax provision	(12)	—	—	—	—	—	—	—	—	(12)
Loss on discontinued operations	(86)	—	—	—	—	3	—	—	—	(83)
Cumulative Effect of Accounting Change, Net of Tax	(496)	—	—	—	—	—	—	—	496	—
Net Income	\$ 4,079	\$ (1,895)	\$ 288	\$ —	\$ 5,652	\$ 1,264	\$ 114	\$ 469	\$ (2,104)	\$ 8,363
Basic Earnings per Common Share⁽¹⁾	\$ 1.49	\$ (.69)	\$.11	\$ —	\$ 2.07	\$.46	\$.04	\$.17	\$ (.77)	\$ 3.06
Diluted Earnings per Common Share⁽¹⁾	\$ 1.49	\$ (.69)	\$.10	\$ —	\$ 2.06	\$.46	\$.04	\$.17	\$ (.77)	\$ 3.05

Footnote:

(1) EPS totals may not add across due to rounding

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures included in this Quarterly Bulletin

Verizon Communications Investor Quarterly 2011

(1) Prior period adjusted to reflect a comparable figure

CONSOLIDATED BALANCE SHEETS

Verizon Communications Investor Quarterly 1Q 10

(dollars in millions)

Unaudited	12/31/03	12/31/02	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 699	\$ 1,422	\$ (723)
Short-term investments	2,172	2,042	130
Accounts receivable, net	9,905	12,496	(2,591)
Inventories	1,283	1,497	(214)
Assets of discontinued operations	—	1,305	(1,305)
Prepaid expenses and other	4,234	3,331	903
Total current assets	18,293	22,093	(3,800)
Plant, property and equipment	180,975	176,838	4,137
Less accumulated depreciation	105,659	103,080	2,579
	75,316	73,758	1,558
Investments in unconsolidated businesses	5,789	4,986	803
Wireless licenses	40,907	40,038	869
Goodwill	1,389	1,339	50
Other intangible assets, net	4,733	4,962	(229)
Other assets	19,541	20,292	(751)
Total Assets	\$ 165,968	\$ 167,468	\$ (1,500)
Liabilities and Shareowners' Investment			
Current liabilities			
Debt maturing within one year	\$ 5,967	\$ 9,267	\$ (3,300)
Accounts payable and accrued liabilities	14,699	12,642	2,057
Liabilities of discontinued operations	—	1,007	(1,007)
Other	5,904	5,013	891
Total current liabilities	26,570	27,929	(1,359)
Long-term debt	39,413	44,003	(4,590)
Employee benefit obligations	16,759	15,389	1,370
Deferred income taxes	21,708	19,467	2,241
Other liabilities	3,704	4,007	(303)
Minority interest	24,348	24,057	291
Shareowners' investment			
Common stock	277	275	2
Contributed capital	25,363	24,685	678
Reinvested earnings	9,409	10,536	(1,127)
Accumulated other comprehensive loss	(1,250)	(2,110)	860
	33,799	33,386	413
Less common stock in treasury, at cost	115	218	(103)
Less deferred compensation — employee stock ownership plans and other	218	552	(334)
Total shareowners' investment	33,466	32,616	850
Total Liabilities and Shareowners' Investment	\$ 165,968	\$ 167,468	\$ (1,500)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Venzon Communications Investor Quarterly

(dollars in millions)

Unaudited	12 Mos Ended 12/31/03	12 Mos Ended 12/31/02	\$ Change
Cash Flows From Operating Activities			
Income before discontinued operations and cumulative effect of accounting change	\$ 3,509	\$ 4,661	\$ (1,152)
Adjustments to reconcile income before discontinued operations and cumulative effect of accounting change to net cash provided by operating activities			
Depreciation and amortization expense	13,617	13,290	327
Sales of businesses, net	(141)	(2,747)	2,606
Employee retirement benefits	3,048	(501)	3,549
Deferred income taxes	826	1,704	(878)
Provision for uncollectible accounts	1,803	2,899	(1,096)
(Income) loss from unconsolidated businesses	(1,809)	4,404	(6,013)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	1,726	(1,581)	3,307
Other, net	(297)	(30)	(267)
Net cash provided by operating activities	22,482	22,099	383
Cash Flows From Investing Activities			
Capital expenditures (including capitalized network and non-network software)	(11,884)	(13,061)	1,177
Acquisitions, net of cash acquired, and investments	(1,162)	(1,088)	(74)
Proceeds from disposition of businesses	229	4,638	(4,409)
Proceeds from spectrum payment refund	—	1,740	(1,740)
Net change in short-term and other current investments	(120)	(216)	96
Other, net	691	1,187	(496)
Net cash used in investing activities	(12,246)	(6,800)	(5,446)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	4,653	7,820	(3,167)
Repayments of long-term borrowings and capital lease obligations	(10,759)	(8,391)	(2,368)
Decrease in short-term obligations, excluding current maturities	(1,330)	(11,024)	9,694
Dividends paid	(4,239)	(4,200)	(39)
Proceeds from sale of common stock	839	915	(76)
Other, net	(123)	71	(194)
Net cash used in financing activities	(10,959)	(14,809)	3,850
Increase (decrease) in cash and cash equivalents	(723)	490	(1,213)
Cash and cash equivalents, beginning of period	1,422	932	490
Cash and cash equivalents, end of period	\$ 699	\$ 1,422	\$ (723)

DOMESTIC TELECOM SELECTED FINANCIAL RESULTS

Venzon Communications Investor Quarterly 2003

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	% Change	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Operating Revenues						
Local services	\$ 4,825	\$ 4,906	(1.7)	\$ 19,454	\$ 20,271	(4.0)
Network access services	3,073	3,383	(9.2)	12,719	13,427	(5.3)
Long distance services	1,006	777	29.5	3,788	3,170	19.5
Other services	1,001	1,000	1	3,641	3,971	(8.3)
Total Operating Revenues	9,905	10,066	(1.6)	39,602	40,839	(3.0)
Operating Expenses						
Cost of services and sales	3,893	3,199	21.7	14,708	13,390	9.8
Selling, general & administrative expense	2,195	2,349	(6.6)	8,517	9,048	(5.9)
Depreciation and amortization expense	2,290	2,366	(3.2)	9,217	9,456	(2.5)
Total Operating Expenses	8,378	7,914	5.9	32,442	31,894	1.7
Operating Income	\$ 1,527	\$ 2,152	(29.0)	\$ 7,160	\$ 8,945	(20.0)
Operating Income Margin	15.4%	21.4%		18.1%	21.9%	
Segment Income	\$ 710	\$ 1,052	(32.5)	\$ 3,335	\$ 4,364	(23.6)

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude these items in assessing business unit performance, primarily due to their non-operational nature.

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

DOMESTIC TELECOM SELECTED OPERATING STATISTICS

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	% Change	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Switched access lines in service (000)						
Residence	36,089	37,458	(3.7)	36,089	37,458	(3.7)
Business	18,990	19,994	(5.0)	18,990	19,994	(5.0)
Public	462	522	(11.5)	462	522	(11.5)
Total	55,541	57,974	(4.2)	55,541	57,974	(4.2)
Special DS0 equivalents	84,806	77,823	9.0	84,806	77,823	9.0
Total voice grade equivalents (000)	140,347	135,797	3.4	140,347	135,797	3.4
Resale & UNE-P lines (000)	5,762	4,235	36.1	5,762	4,235	36.1
Minutes of use from Carriers and CLECs						
(in millions)	58,357	62,111	(6.0)	238,365	256,806	(7.2)
Long distance lines (000)	16,636	12,481	33.3	16,636	12,481	33.3
High capacity and digital data revenues						
(\$ in millions)						
Data transport	\$ 1,632	\$ 1,665	(2.0)	\$ 6,546	\$ 6,616	(1.1)
Data solutions	238	188	26.6	716	680	5.3
Total revenues	\$ 1,870	\$ 1,853	9	\$ 7,262	\$ 7,296	(5)

Footnote:

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

VERIZON WIRELESS SELECTED FINANCIAL RESULTS

Verizon Communications Investor Quarterly

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	% Change	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Revenues						
Service revenues	\$ 5,366	\$ 4,713	13.9	\$ 20,336	\$ 17,747	14.6
Equipment and other	618	510	21.2	2,153	1,726	24.7
Total Revenues	5,984	5,223	14.6	22,489	19,473	15.5
Operating Expenses						
Cost of services and sales	1,739	1,490	16.7	6,460	5,456	18.4
Selling, general & administrative expense	2,115	1,845	14.6	8,057	7,084	13.7
Depreciation and amortization expense	1,025	899	14.0	3,888	3,293	18.1
Total Operating Expenses	4,879	4,234	15.2	18,405	15,833	16.2
Operating Income	\$ 1,105	\$ 989	11.7	\$ 4,084	\$ 3,640	12.2
Operating Income Margin	18.5%	18.9%		18.2%	18.7%	
Segment Income	\$ 307	\$ 261	17.6	\$ 1,083	\$ 966	12.1
Selected Operating Statistics						
Subscribers (000)	37,522	32,491	15.5	37,522	32,491	15.5
Penetration	16.0%	14.3%		16.0%	14.3%	
Subscriber net adds in period ⁽¹⁾ (000)	1,496	970	54.2	5,031	3,093	62.7
Total churn rate, including prepaid	1.7%	2.1%		1.8%	2.3%	

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude these items in assessing business unit performance, primarily due to their non-operational nature.

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

(1) Includes acquisition of 68,000 subscribers, 411,000 subscribers and 6,000 subscribers in the first, third and fourth quarters of 2002, respectively, and 6,000 subscribers in the first quarter of 2003.

INFORMATION SERVICES SELECTED FINANCIAL RESULTS

Verizon Communications Investor Quarterly 3Q 03

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	% Change	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Operating Revenues	\$ 1,013	\$ 1,374	(26.3)	\$ 4,114	\$ 4,287	(4.0)
Operating Expenses						
Cost of services and sales	146	229	(36.2)	641	688	(6.8)
Selling, general & administrative expense	429	378	13.5	1,505	1,411	6.7
Depreciation and amortization expense	23	22	4.5	89	74	20.3
Sales of businesses, net	—	—	*	(141)	—	*
Total Operating Expenses	598	629	(4.9)	2,094	2,173	(3.6)
Operating Income	\$ 415	\$ 745	(44.3)	\$ 2,020	\$ 2,114	(4.4)
Operating Income Margin	41.0%	54.2%		49.1%	49.3%	
Segment Income	\$ 247	\$ 461	(46.4)	\$ 1,206	\$ 1,281	(5.9)

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude these items in assessing business unit performance, primarily due to their non-operational nature.

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results. However, prior year results have not been adjusted for the change in accounting, effective January 1, 2003, related to recognition of directory revenues and direct costs from the publication date method to the amortization method.

* Not meaningful

INTERNATIONAL SELECTED FINANCIAL RESULTS

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/03	3 Mos. Ended 12/31/02	% Change	12 Mos. Ended 12/31/03	12 Mos. Ended 12/31/02	% Change
Operating Revenues	\$ 477	\$ 549	(13.1)	\$ 1,949	\$ 2,219	(12.2)
Operating Expenses						
Cost of services and sales	152	163	(6.7)	574	586	(2.0)
Selling, general & administrative expense	118	138	(14.5)	691	610	13.3
Depreciation and amortization expense	94	88	6.8	346	376	(8.0)
Total Operating Expenses	364	389	(6.4)	1,611	1,572	2.5
Operating Income	\$ 113	\$ 160	(29.4)	\$ 338	\$ 647	(47.8)
Operating Income Margin	23.7%	29.1%		17.3%	29.2%	
Equity in Earnings of						
Unconsolidated Businesses	\$ 302	\$ 179	68.7	\$ 1,091	\$ 644	69.4
Income from Other						
Unconsolidated Businesses	\$ —	\$ 6	(100.0)	\$ 169	\$ 218	(22.5)
Segment Income	\$ 341	\$ 294	16.0	\$ 1,392	\$ 1,152	20.8

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude these items in assessing business unit performance, primarily due to their non-operational nature.

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

* Not meaningful

what's news

Verizon Transition: Charles Lee to Leave Board; Ivan Seidenberg to Assume Chairmanship

Nov 06, 2003 Verizon Communications announced that Charles R. Lee will retire as chairman of the Verizon Board of Directors effective at the close of business on Dec. 31, 2003, and that CEO Ivan Seidenberg will succeed him in that role.

SIA and Verizon Enter Strategic Agreement for Long Distance Services

Nov 07, 2003 The Securities Industry Association (SIA) announced that it has signed a major agreement with Verizon under which SIA members will receive competitive pricing, terms, and conditions and that Verizon will become SIA's preferred provider of long-distance communications services. The preferred provider agreement covers domestic and international long-distance voice and data services and business continuity and disaster recovery services.

Verizon Selects Vendors for Fiber to the Premises Project; Deployment and New Product Rollout Begin in 2004

Nov 17, 2003 Verizon announced it has selected four vendors to provide the fiber-optic and electronic equipment for the company's planned deployment of high-speed, high-capacity Fiber to the Premises (FTTP) systems, which is slated to begin next year and will lead to an array of new telecom products for consumers and businesses. Verizon's capital investment plans will begin to shift from deploying copper to building a network based on FTTP technology to better serve customers and improve the company's already strong competitive position.

Verizon Extends Winning Streak, Signing over 900 Contracts for Enterprise Advance Services in First Year

Nov 20, 2003 One year after Verizon announced an ambitious plan to expand its high-speed data network nationwide, it has closed over 900 sales with more than 550 of its largest customers, including 65 Fortune 500 corporations as well as many educational institutions. The expansion plan is part of Verizon's strategy to capitalize on opportunities in the large-business, education and government markets.

Verizon Communications Declares Quarterly Dividend

Dec 04, 2003 The Board of Directors of Verizon Communications declared a quarterly dividend of \$ 385 per outstanding share, unchanged from the previous quarter. The dividend is payable on Feb. 2, 2004, to Verizon Communications shareowners of record at the close of business Jan. 9. Verizon Communications has approximately 2.7 billion shareowners and approximately 2.8 billion shares of common stock outstanding.

Verizon Announces Estimated Charges and Ongoing Savings from Voluntary Separation Plan

Dec 09, 2003 Verizon Communications estimated that it expects to record an after-tax fourth-quarter charge associated with a voluntary separation plan under which 21,260 employees left the payroll this quarter. This charge involves cash severance payments and related costs associated with the voluntary separation program. The remainder represents Verizon's pension and post-retirement benefits costs.

Verizon Completes Fiber-to-the-Premises Vendor Selections by Choosing Corning and Three Other Companies; Deployment and New Product Rollout Begin in 2004

Dec 22, 2003 Verizon took another step forward in its plan to begin deploying fiber-to-the-premises (FTTP) systems next year by completing the selection of equipment manufacturers and suppliers for the project. The four vendors announced today will provide fiber-optic cabling and other outside plant equipment, also known as the "passive" elements of the FTTP system.

Verizon Selects Nortel Networks to Accelerate Building of Nation's Largest Converged, Packet-Switched Wireline Network Using Voice-Over-IP Technology

Jan 07, 2004 Verizon this year will dramatically accelerate the evolution of its nationwide wireline network to packet-switching technology and has selected Nortel Networks as its Voice Over Internet Protocol (VoIP) equipment provider. Verizon will begin deployment of the new Nortel Networks equipment in its local and long-distance voice wireline networks later this year.

Verizon Wireless Announces Rollout of National 3G Network

Jan 08, 2004 Verizon Wireless will begin immediately to expand its BroadbandAccess service nationally. Powered by Evolution-Data Optimized (EV-DO) third generation (3G) wide-area network, BroadbandAccess commercial service, with average user speeds of 300-500 kilobits per second (kbps), is expected to be available in many major U.S. cities this summer.

Verizon Outlines Leadership Strategy for Broadband Era; Announces Major New 3G Mobile Data and Wireline IP Network Expansions

Jan 08, 2004 Verizon Chairman and CEO Ivan Seidenberg unveiled the company's plans for leadership in the emerging broadband industry. He outlined two major new network expansions that are key to bringing the benefits of this new era to homes and businesses across America and said Verizon was committed to investing a total of \$3 billion in its networks over the next two years to bring broadband to the mass market.

Verizon Customers Nationwide Can Pay 5 Cents a Minute for State-to-State Domestic Long-Distance Calls, Any Time

Jan 21, 2004 Starting this week, callers who have a qualified local plan with Verizon can pay just 5 cents a minute for long-distance calling from Verizon Long Distance with no monthly fee. The five-cent rate applies to all direct-dialed state-to-state long-distance calls as well as for calls to Puerto Rico, the U.S. Virgin Islands, Guam and the Marianas Islands.

Verizon Communications Announces Common Stock Repurchase Authorization

Jan 22, 2004 Verizon Communications announced that its Board of Directors has authorized the corporation to repurchase up to 80 million shares of its common stock. Under the plan, Verizon's senior officers have the option to repurchase shares for the corporation over time, with the amount and timing of repurchases depending on market conditions and corporate needs.

upcoming events

February 2, 2004 - Dividend Payment

March 6, 2004 - Dividend Declaration

April 28, 2004 - Annual Meeting



Veri on

**4th Quarter & Full Year 2003
Financial Results**

Doreen Toben

January 29, 2004

Financial Highlights

verizon

Solid Annual Revenue Growth

- Wireless Revenue growth of 15.5% year over year*
- LD interlata Revenue tops \$2B for the year - 30% growth year over year*

4Q reported EPS of \$(0.53), \$1.11 for the year

4Q adjusted EPS of \$0.58, \$2.62 for the year

Free Cash Flow of \$6.4B for the year - 31% increase over 2002

Net Debt reduction of \$7.2B year over year

CAPEX spending declines 9% year over year

Executing on the Business Plan

SIGNIFICANT ITEMS

Operational Highlights

verizon

	<u>4Q 2003</u>	<u>FY 2003</u>
<i>Wireless - Net Subscriber Adds</i>	<i>1.5M</i>	<i>5.0M</i>
<i>Wireless ARPU</i>	<i>\$48.85</i>	<i>\$48.85</i>
<i>Wireless Churn</i>	<i>1.68%</i>	<i>1.82%</i>
<i>Wireless Data Revenue</i>	<i>\$170M</i>	<i>\$449M</i>
<i>LD Retail Line Penetration</i>	<i>41%</i>	<i>41%</i>
<i>Enterprise Contracts Closed</i>	<i>377</i>	<i>1,111</i>
<i>Wireline Data Revenue Growth</i>	<i>0.9%</i>	<i>(0.5%)</i>
<i>Consumer ARPU Growth</i>	<i>7%</i>	<i>5%</i>
<i>Net DSL Lines Added</i>	<i>203K</i>	<i>649K</i>

Excellent performance in growth areas

SIGNIFICANT ITEMS

4th Qtr. Earnings Reconciliation **verizon**

	<u>4Q'03</u>
<i>Reported Loss Per Share</i>	<i>\$(0.53)</i>
<i>Voluntary Separation Program</i>	<i>1.04</i>
<i>Sales of Investments, net</i>	<i>(0.02)</i>
<i>Other Special Items</i>	<u><i>0.08</i></u>
<i>Adjusted Earnings Per Share*</i>	<i>\$0.58</i>

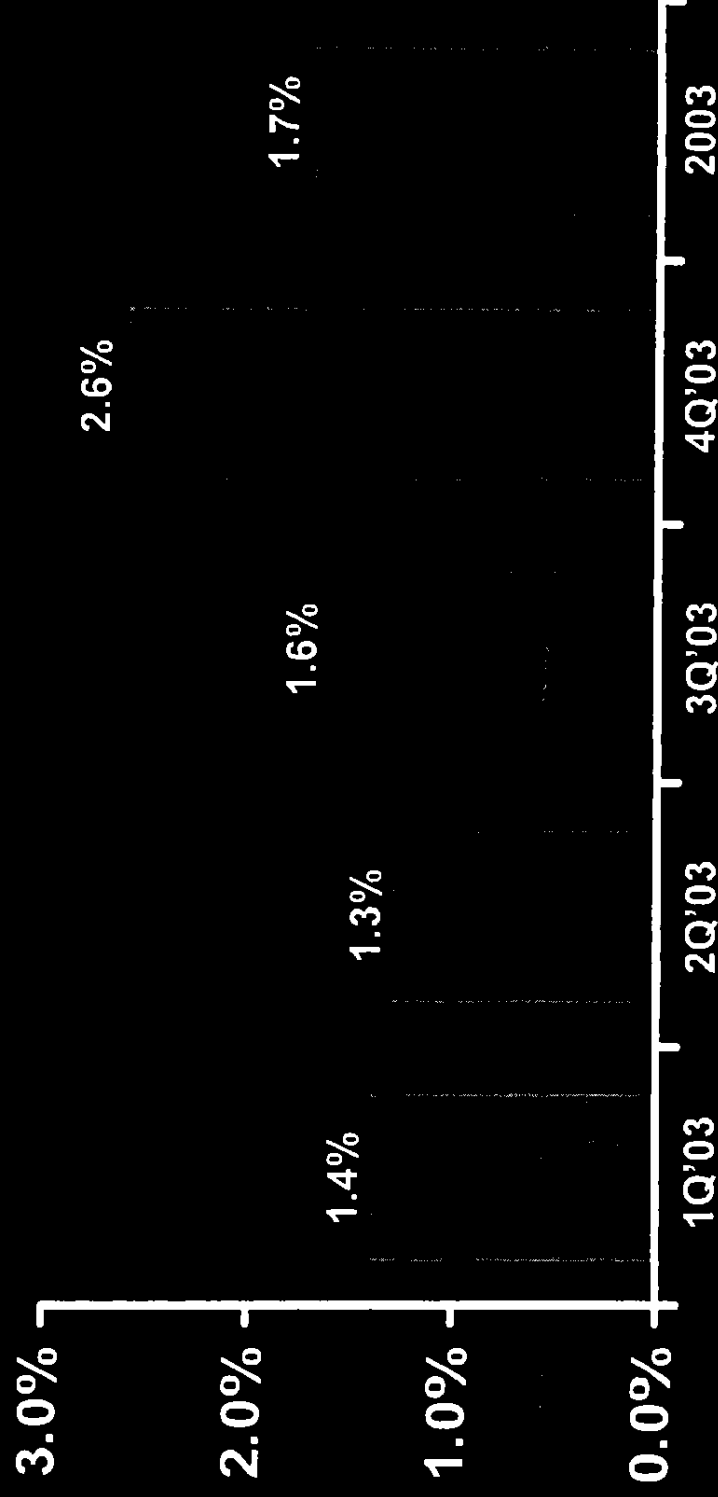
**EPS total does not add due to rounding*

TRENDS

Revenue Growth Rates

verizon

*Y/Y adjusted revenue growth rates by quarter**



* With consistent
Directory accounting

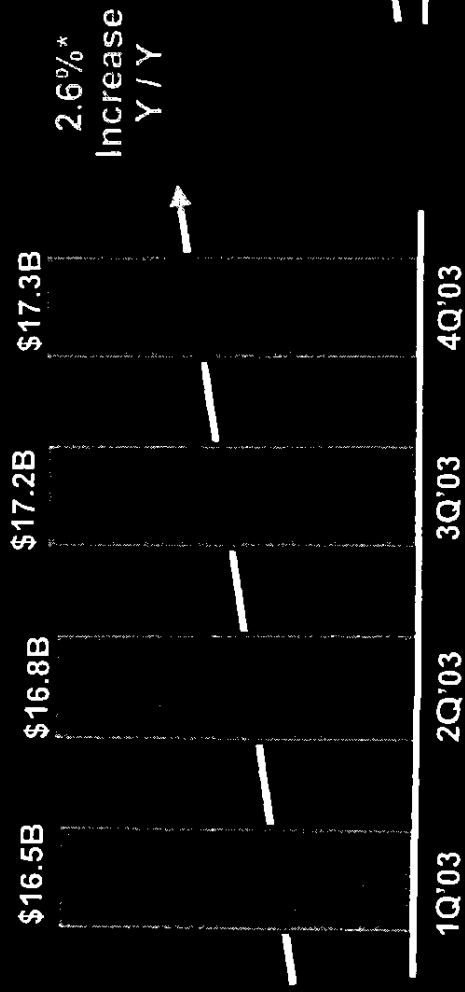
Delivering growth

TRENDS

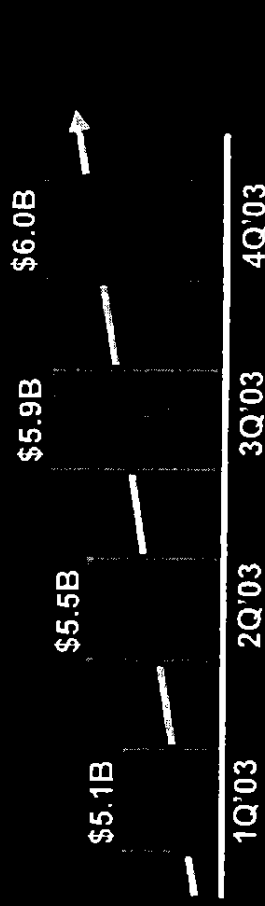
Adjusted Operating Revenue

verizon

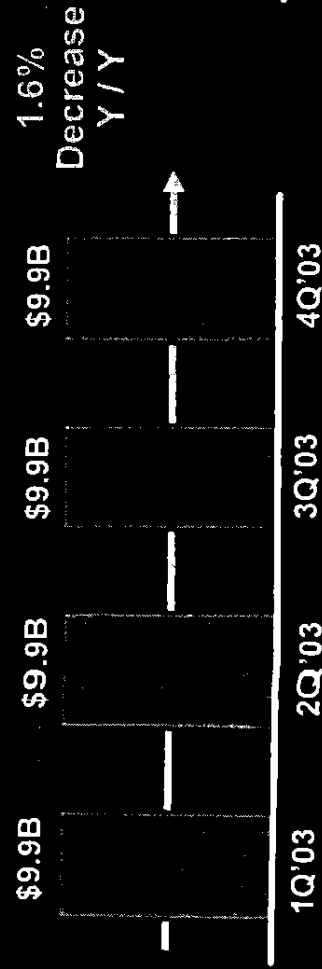
Total VZ



Wireless



Wireline



VIS / Int'l / Other



Revenue mix

* With consistent Directory accounting

TRENDS

Adjusted Operating Expense verizon

Total VZ*

\$13.9B

\$14.1B

\$13.3B

5.9%
Increase
Y / Y

15.2%
Increase
Y / Y

Wireless

\$4.2B

\$4.8B

\$4.9B

4Q'02

3Q'03

4Q'03

4Q'02

3Q'03

4Q'03

Wireline*

\$8.3B

\$8.4B

\$8.4B

1.1%
Increase
Y / Y

5.5%
Decrease
Y / Y

4Q'02

3Q'03

4Q'03

4Q'02

3Q'03

4Q'03

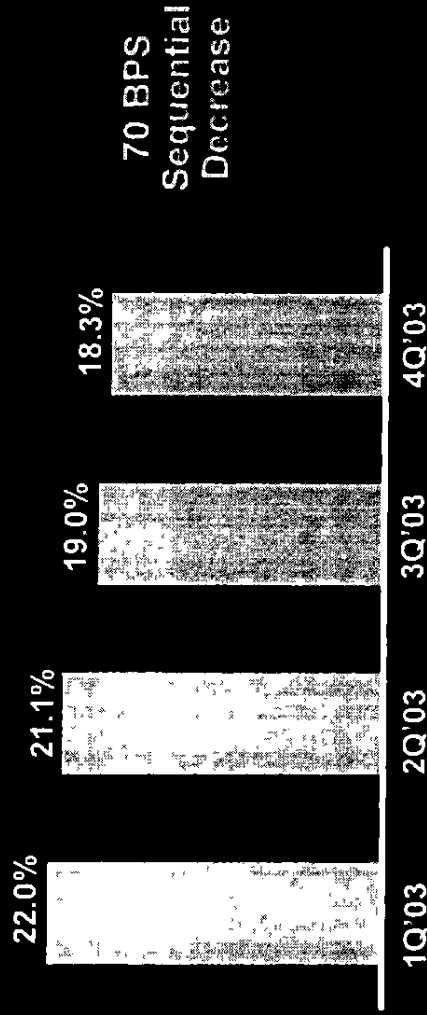
* Excludes
Pension / OPEB

Strategic cost management

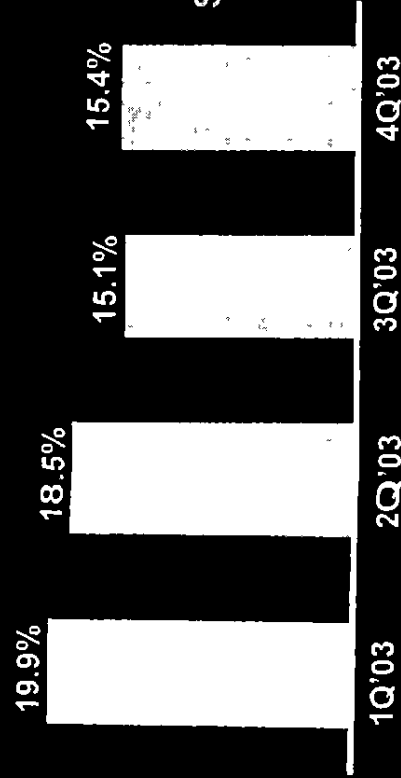
TRENDS

Adjusted Op. Income Margin *verizon*

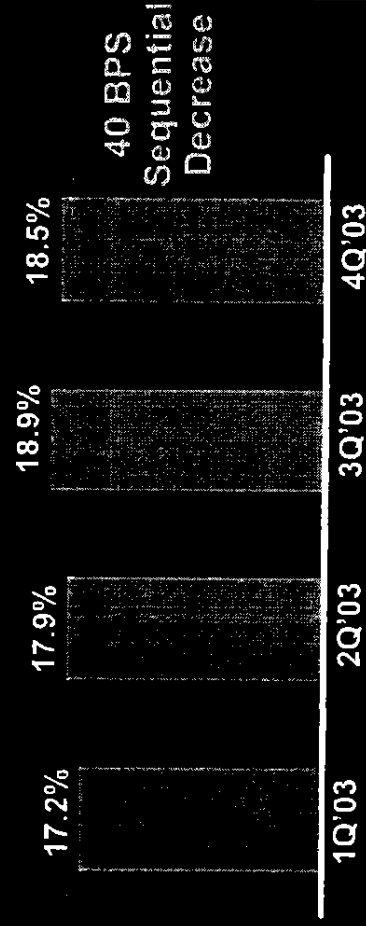
Total VZ*



Wireline*



Wireless



* Excludes Pension / OPEB

Wireline sequential growth

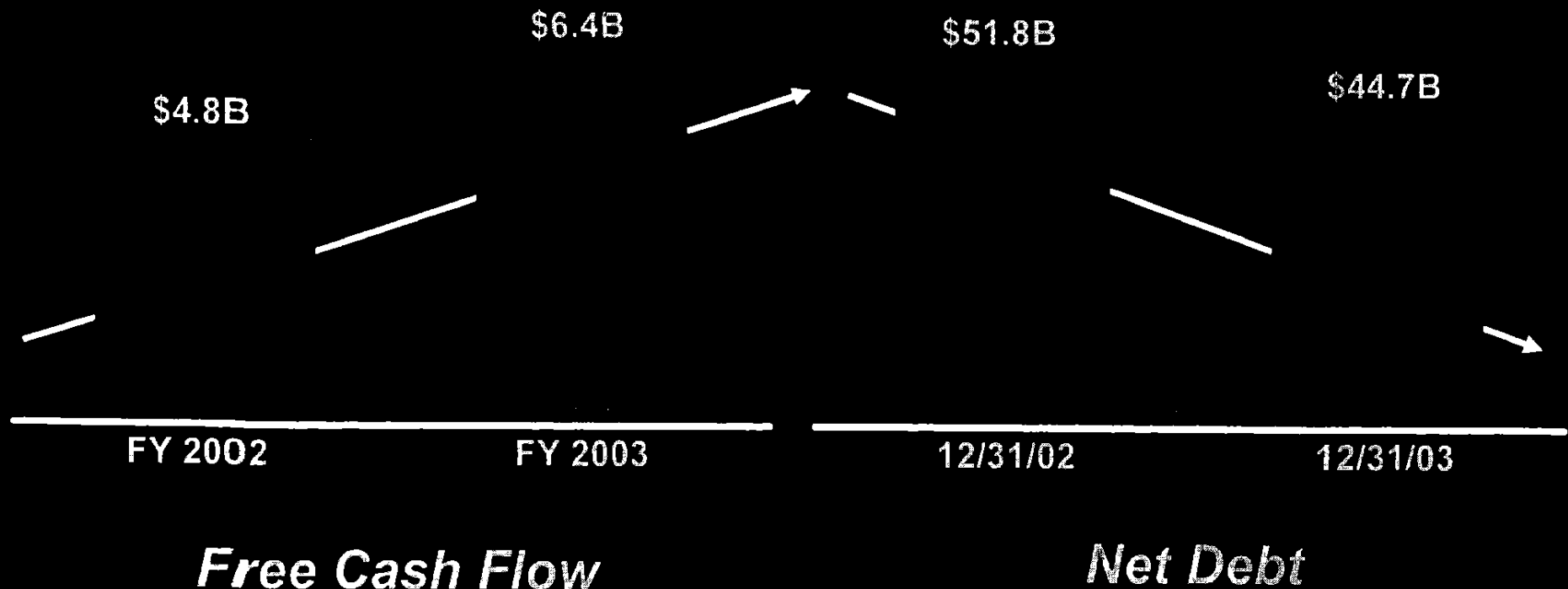
FREE CASH FLOW & NET DEBT REDUCTION

Strong Cash Generation

veri on

31.4%
Growth

13.8%
Decrease



Continuing to strengthen the balance sheet

FREE CASH FLOW

Segment Cash Flow*

verizon

Wireline

\$5.5B

\$3.5B

55.4%
Growth
Y/Y

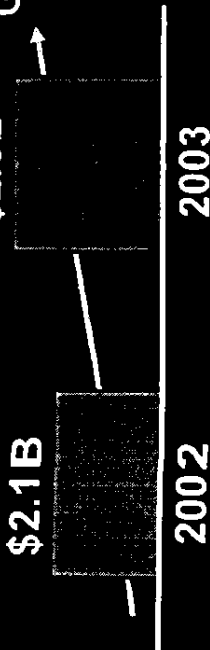


Wireless

\$2.1B

\$2.9B

39.4%
Growth
Y/Y



Info Services

\$1.0B

\$1.1B

9.9%
Growth
Y/Y

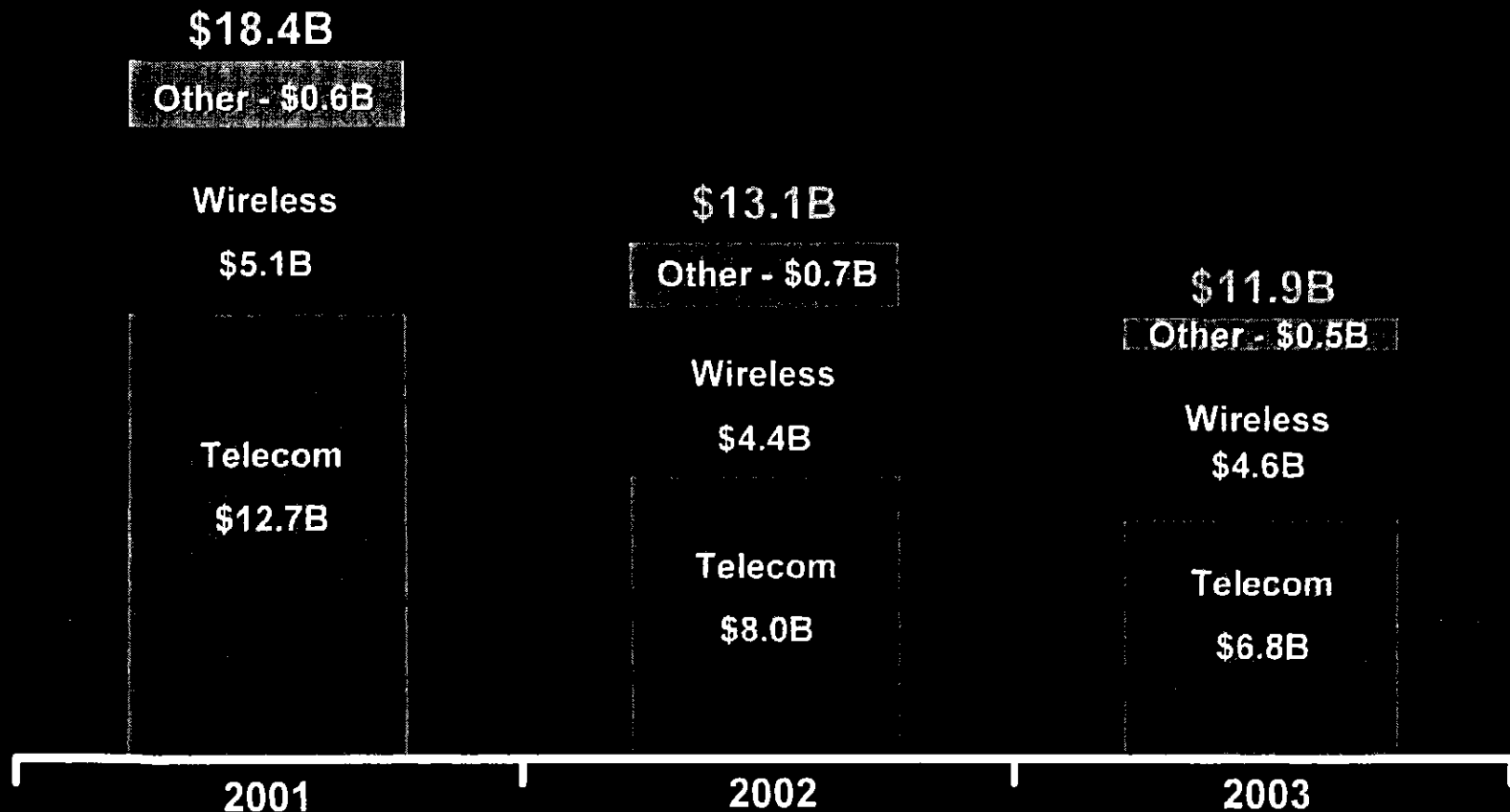


* Cash from operations less CAPEX

CAPITAL SPENDING

Resource allocation

verizon



Funding transformation

WIRELINE REVENUE TRENDS

Lines of Business

verizon

Consumer



Business



Wholesale



All Other



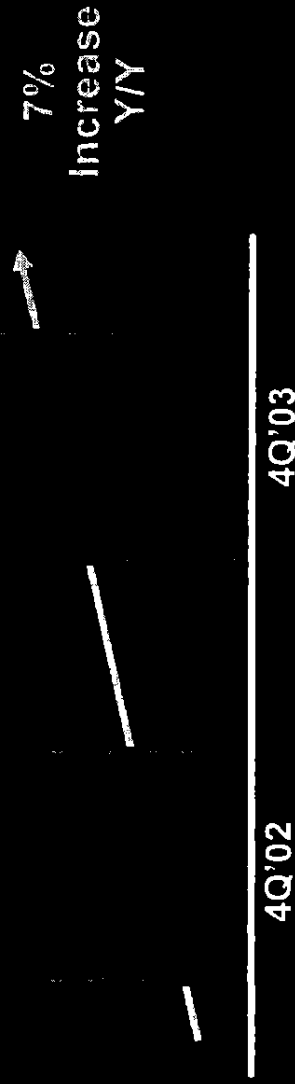
Revenue stabilization

WIRELINE

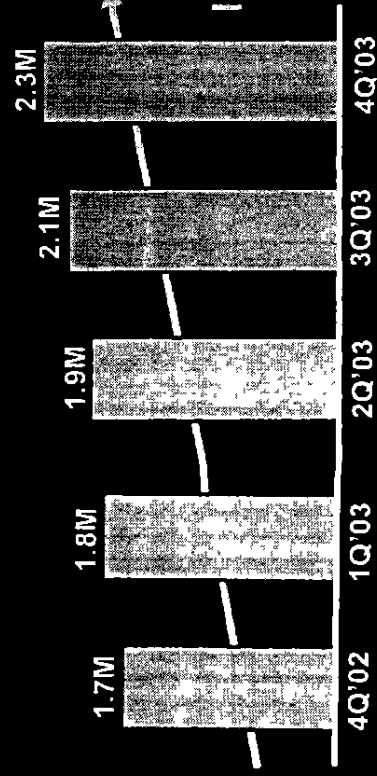
Strong Customer Growth

verizon

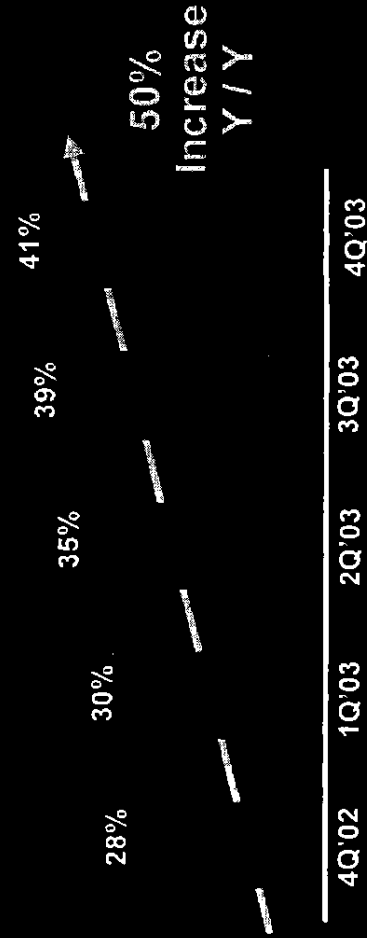
Consumer
ARPU



DSL Lines



Long Distance
Penetration



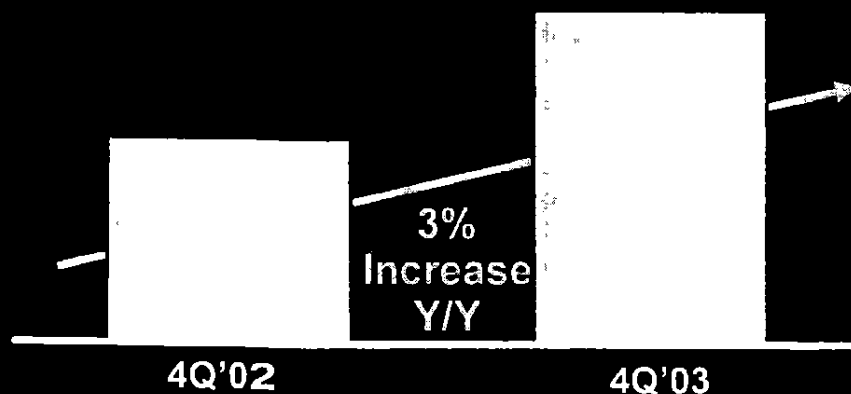
Increasing our growth product penetration

WIRELINE

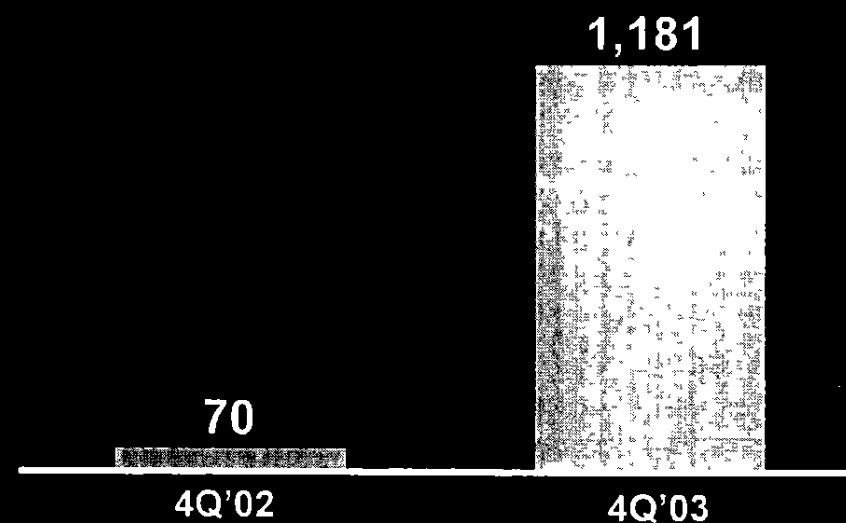
Business Growth

verizon

Small Business ARPU



National Contracts Signed (Cumulative)

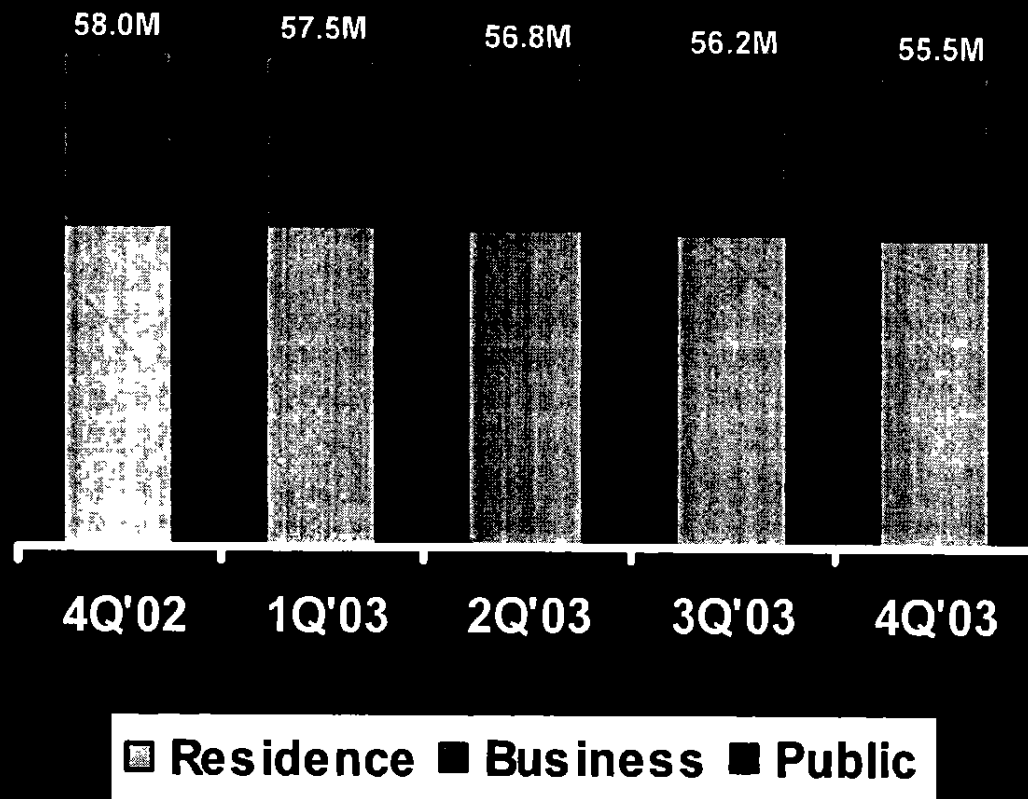


Increasing presence in marketplace

WIRELINE

Access Lines

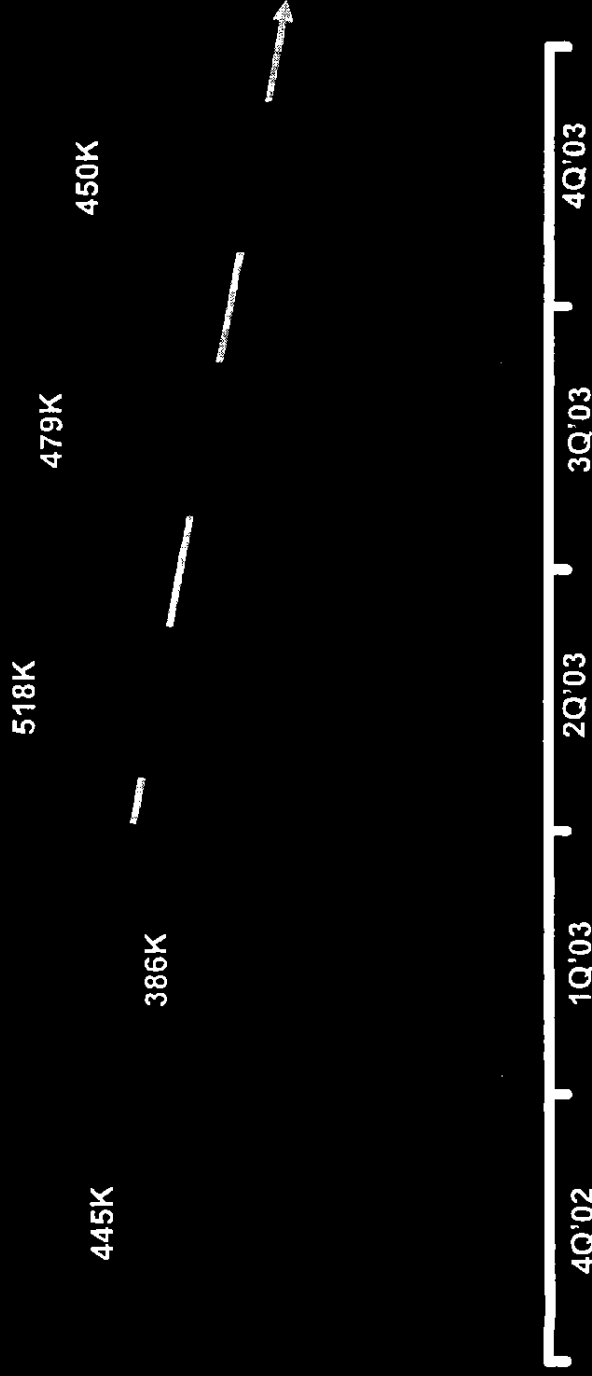
verizon



Technology migration

UNE-P Net Additions

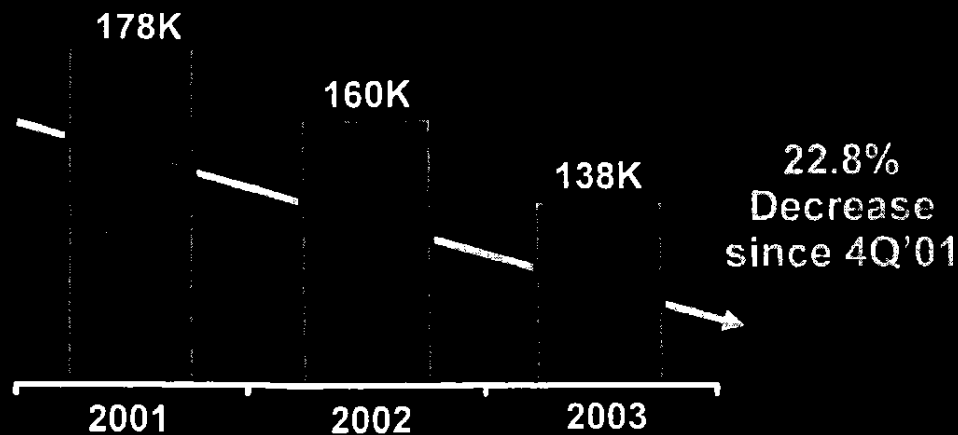
verion



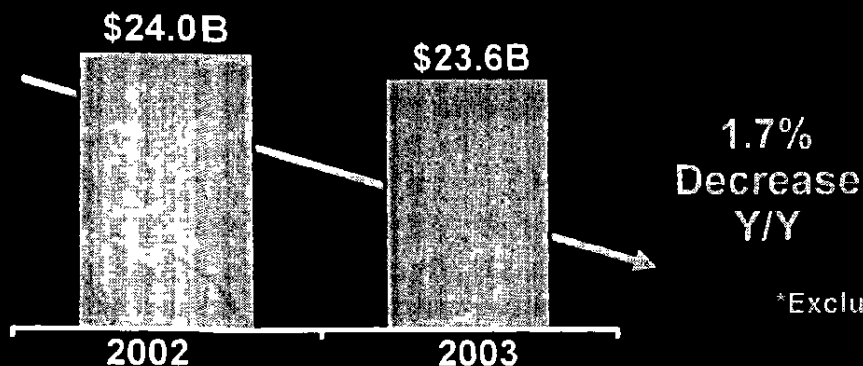
Sustained Cost Reduction

verizon

Force



*Cash Operating Expense **



*Excludes Pension/OPEB

- **Voluntary Separation Program**
 - ✓ Driving change in our organizations
- **IT Productivity initiatives**
 - ✓ GPS in trucks - \$20m reduction
 - ✓ B2B portal - self service for ESG customers
 - ✓ E-Repair - 5% deflection rate in 2003
 - ✓ Voice portal - 10% deflection rate in 2003
- **Overhead reductions**
 - ✓ Center consolidations
 - ✓ Procurement

Voluntary program provides opportunities

WIRELESS

Revenue & Customer Growth *verizon*

Service Revenues

\$5.4B

\$4.7B

13.9%
Growth
Y/Y

Service Revenue Per Subscriber

\$49.23

\$48.85

0.8%
Decrease
Y/Y

4Q'02

4Q'03

Net Adds

1,496K

970K

54.2%
Growth
Y/Y

4Q'02

4Q'03

Data Revenue

\$58M

\$170M

192%
Growth
Y/Y

4Q'02

4Q'03

4Q'02

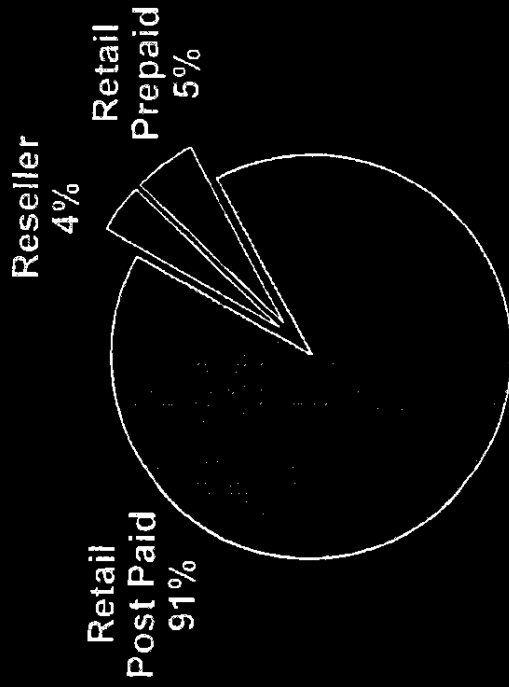
4Q'03

Market leader

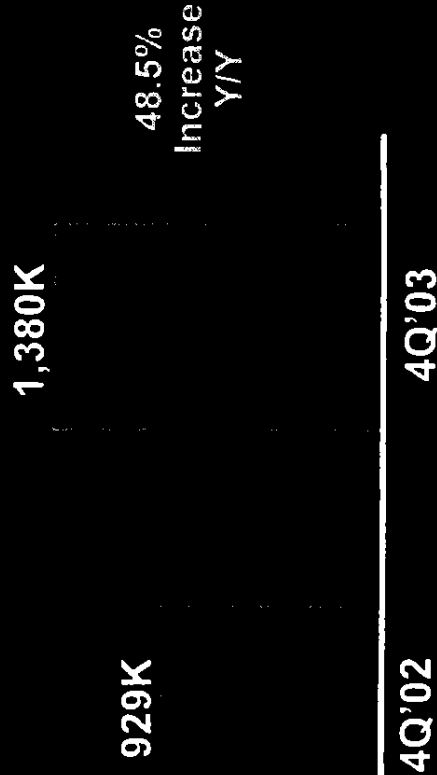
WIRELESS

Base Quality

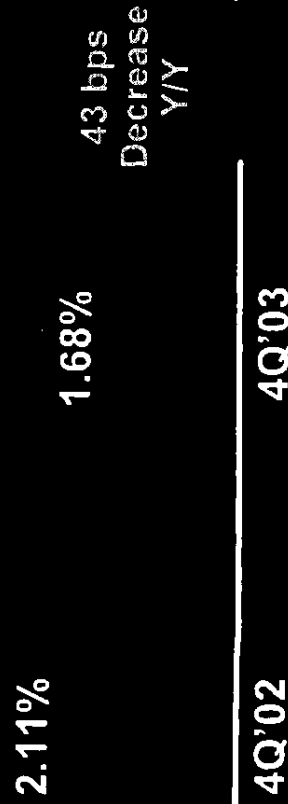
verizon



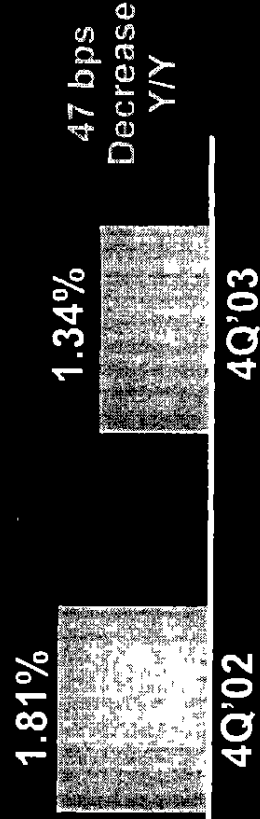
Retail Net Adds



Total Churn



Retail Post Paid Churn



Over 37.5 million customers

WIRELESS

Cost Management

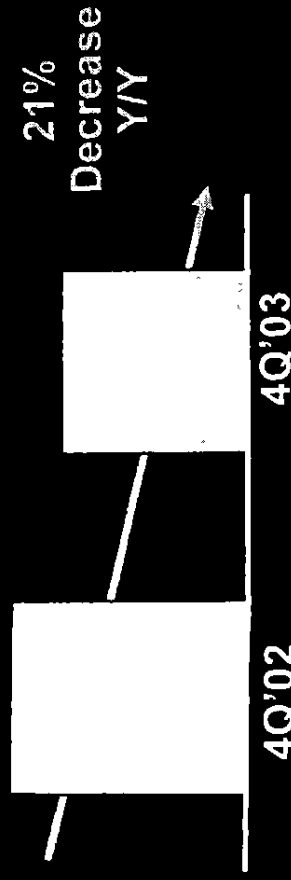
verizon

Cash Expense per Subscriber

\$29.52	\$29.46
4Q'02	4Q'03
0.2% Decrease Y/Y	

4Q'02 4Q'03

Cost* / MOU

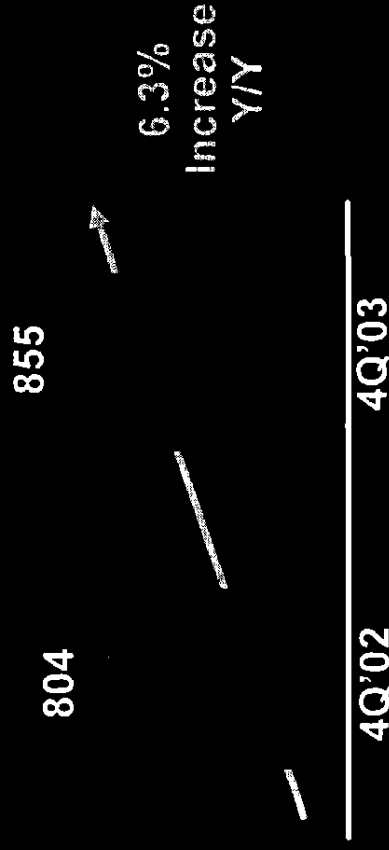


* Cost of service
plus depreciation &
amortization

Additional Productivity initiatives

- ✓ Billing platform consolidation
- ✓ Average cost for billing reduced
- ✓ Summary Billing
- ✓ Inventory Management
- ✓ Customer Service Automation
- ✓ Customer bill payment transaction costs
- ✓ Internet enhancements

Subscribers per Employee



Continually improving cost base

4th Quarter Summary

veri on

Revenue growth as we change the product mix

Strong performance in our growth areas

Reduced cost structure

Margin stabilization

Efficient capital allocation to growth & service

Strong cash flows

Focus & execution driving transformation

"Safe Harbor" Statement

verizon

NOTE: *This press release contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the duration and extent of the current economic downturn; materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments; material changes in available technology; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results; the effects of competition in our markets; our ability to satisfy regulatory merger conditions; the ability of Verizon Wireless to continue to obtain sufficient spectrum resources; and changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.*

This presentation includes certain non-GAAP financial measures as defined under SEC rules. As required by those rules we have provided a reconciliation of those measures to the most directly comparable GAAP measure in materials on our website at www.verizon.com/investor.